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Employers plan to hire about the same number of college graduates this year as they did a year ago. Story on Page 33.

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LOANS REPLACE GRANTS

Students' Borrowing Quintuples in Decade, Raising the Specter of a 'Debtor Generation'

By JEAN EVANGELAUF
WASHINGTON

Student borrowing to pay for college has quintupled in the last decade, raising concern that high levels of education debts will overwhelm many young Americans, said a Congressional report issued last week.

The report said that one-third to one-half of all students now leave college with debts. On average, students at public four-year colleges graduate with $6,685 in loans; those at private four-year colleges with $8,950.

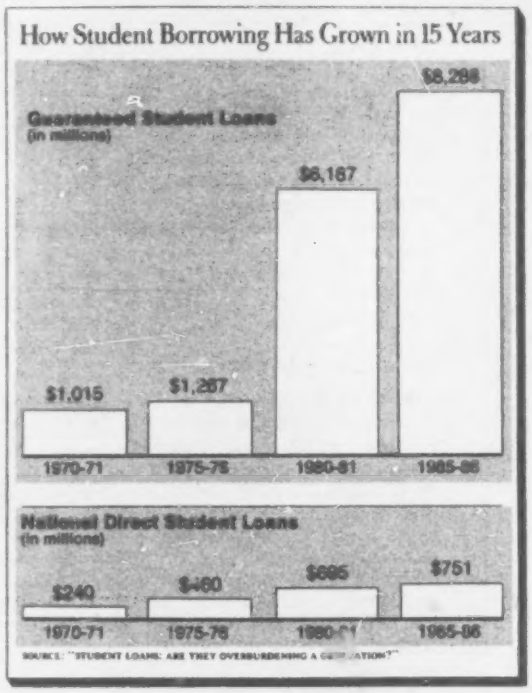
"We now have a generation of students who leave college in debt," said Janet S. Hansen, author of the study and director of policy analysis for the Washington office of the College Board. The views in the report are Ms. Hansen's, and do not necessarily reflect those of the College Board.

"We really do have to be concerned about whether we are asking young people to take on an obligation that may be onerous in ways we can't expect them to understand at age 18 or 19," she said in an interview.

"We should not take a *caveat emptor* attitude toward students."

The report was released by the Congressional Joint Economic Committee, which advises Congress on matters affecting national economic policies. While the committee does not have the power to write legislation or revise student-aid policies, its reports are generally taken very seriously by members of Congress.

"Growing student indebtedness has raised questions about the implications of the debt burdens for the national economy, for the economic well-being of borrowers, for equality of access to higher education and even for the educational process itself," said a summary of the report.



However, it cautioned, very little conclusive evidence about the precise impact of heavy indebtedness is available.

The fear that borrowing affects students' educational, career, and personal choices is based on "impressionistic and anecdotal evidence," said Ms. Hansen in the interview.

"We don't want to ignore that evidence," she said, "but we don't want to assume we have a problem when we don't."

The Joint Economic Committee has commissioned additional studies on education, and will probably conduct more research on student debt, a committee spokesman said.

Over the last decade loans have replaced grants as the major vehicle for student assistance, said Ms. Hansen. Borrowing under federal

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Anger over University Conditions, Impatience with Political System Underlie China Protests

WIDE WORLD

Chinese students read wall posters in Shanghai. One poster says, "We cannot wait 10,000 years for more freedom and better lives."

By BONNIE LEE SEXTON
BEIJING

Widespread demonstrations at China's major universities—the largest wave of protests in this country in a decade—highlight the frustration that many of the country's young people feel about university conditions and their future job prospects.

The protests, and the government's response, also dramatize long-standing divisions among China's leaders on contacts with the West. As part of his modernization program, Deng Xiaoping, the country's paramount leader, has sought to bring to China the benefits of Western science and technology. In the process, many students and young professionals have been

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Higher Education Losing Credibility in Congress, Council Chief Warns

By STACY E. PALMER
WASHINGTON

Colleges and universities are likely to have a difficult time obtaining support from the new Congress, largely because more and more lawmakers are coming to view higher education as "yet another special interest group to be served," the president of the American Council on Education has warned.

In a letter to members of the council, Robert H. Atwell said higher education's credibility with members of Congress had been eroded by a variety of factors, ranging from the growing number of colleges that have evaded traditional review prac-

Continued on Page 28, Column 1

Trying to End Sports Woes at Southern Methodist U.

Faculty members, angered by repeated cheating in S.M.U.'s football program, are pressing for reforms.

See Page 34.

Text of Congressional Economic Panel's Report on Student-Loan Burden

WASHINGTON

Following is the text of a report—"Student Loans: Are They Overburdening a Generation?"—prepared for the Joint Economic Committee of Congress by Janet S. Hansen, director of policy analysis for the Washington office of the College Board. Opinions are those of the author and do not necessarily reflect the views of the committee or the board. References have been omitted.

I. Introduction

- *Mortgaging a Generation*—a report on student loans by the California Postsecondary Education Commission.
- *Mortgaged Futures*—a book on how to pay for college by Marguerite J. Dennis.
- "We've said to young people, if you want an education, here's a loan, pay for it yourself."—Theodore J. Marchese, *Change* magazine, May/June 1986.
- "The rapidly increasing dependence on loans as a means of financing students is alarming and must end."—Frank Newman, *Higher Education and the American Resurgence*.

As these titles and quotes and the commissioning of a paper by the Joint Economic Committee indicate, concern is mounting about the rapidly growing indebtedness of students pursuing postsecondary education. Attention to this issue is long overdue.

Until recently, research and analysis on student loan programs (most of which involve repayment guarantees and/or subsidies from the federal government) largely focused on their costs to the government or on the level of borrower defaults and how to reduce them. Because of the need to cut federal deficits and spend federal dollars as wisely as possible, these issues will and should continue to be debated.

Equally important, however, are questions about what large amounts of student debt mean for the economy, for individual borrowers, and for education and society.

Student loans are not new. President Lyndon Johnson, who presided over the creation of the Higher Education Act of 1965 which included student grant, loan, and work programs in its pathbreaking Title IV, was said to have been most interested personally in the Guaranteed Student Loan (G.S.L.) program. He had borrowed to attend college in the 1930's and reportedly felt that loans should be more widely available to students in higher education. In fact, [Robert A.] Caro reports that Johnson borrowed from the bank, from his college, from friends, and even from the local newspaper publisher, and dropped out of school to teach for a while when he couldn't keep up the payments on these debts (and the loan he took out to purchase a used Model A!).

The G.S.L. proposal was designed to facilitate student borrowing by overcoming the reluctance of private lenders to make uncollateralized loans to young persons with no credit history through the provision of repayment guarantees. It also gained support from those wishing to derail college tuition tax credits, which almost passed the Senate in 1964. It was viewed largely as a minimally-subsidized loan of convenience for the middle class; it had an eligibility ceiling of $15,000 in annual income at a time when median family income was $6,957. Needier students already had access to another federally-sponsored loan program, National Defense (now Direct) Students Loans (N.D.S.L.), which had been enacted as a last-minute substitute for politically-unpopular grants in the National Defense Education Act of 1958. Before the establishment of these federal programs, both colleges and states had created opportunities for students to borrow to help pay the costs of college.

Why are student debt levels the subject of rising concern? Mainly the now huge size of G.S.L. and the large number of students who use it to take out ever larger loans. In 1985-86, 3.6 million students borrowed $8.3-billion in G.S.L.'s. Over 800,000 students took out about $750-million in new N.D.S.L.'s in that year, and other smaller federal loan programs accounted for about $800-million more. Loans are now not just a convenience for the middle class but an important part of the way they and lower-income families finance higher education. This transformation, however, has occurred with relatively little attention paid, either at the beginning or along the way, to what the impact of borrowing for education would be on students who would have to repay the loans.

This paper is an introduction to the complex issue of whether heavy dependence on student loans is creating serious problems for individuals or the society in which they live. While more and more people are looking at this question, it is nevertheless the case that research and analysis are as yet skimpy and fragmentary. Much of the current concern about student indebtedness is based on impressionistic and anecdotal evidence, but data about student loans in general and the G.S.L. program in particular are woefully inadequate for addressing most policy concerns.

This paper, then, is suggestive rather than definitive. It examines the available evidence about student loan rates and levels and how these have changed over time. It identifies some of the major questions that underlie the feeling that reliance on student loans to finance higher education has gone too far, provides some preliminary indications about the extent of the problems, and addresses what can and needs to be done. It establishes a foundation for the task of further marshalling evidence, analysis, and discussion to help determine how great the danger is that we are undesirably mortgaging the futures of college students or jeopardizing national economic growth.

Though existing statistics on loans frequently make it impossible to distinguish borrowing for graduate and professional education from pre-baccalaureate borrowing, this analysis focuses whenever possible on the latter. Graduate students represent only about one and a half million of the approximately 14 million students enrolled in postsecondary education (defined here as including the proprietary sector as well as government and independent nonprofit colleges and universities). Though their borrowing is often large—the average medical student graduates $30,000 in debt—their circumstances are different than undergraduates: they know with some certainty, for example, what careers they will enter and what salaries they can earn. Special programs, moreover, can be and have been created to deal with the pockets of extremely high borrowing found in some graduate and professional fields. Assessing the effects of graduate student borrowing requires an analysis different from the one in this paper; an important contribution on this subject is the study recently published by the Association of American Universities.

Section II of the paper traces the growth of student borrowing over the last two decades. Then, sections III through VI discuss student loans and how they may affect the economy, the well-being of young adults, the achievement of equal educational opportunity, and the educational process. Section VII looks at the risks

Increased Student Borrowing Raises Fear of 'Debtor Generation'

Continued from Page 1

programs totaled about $9.8-billion in 1985-86; 10 years earlier the amount was about $2-billion. Over that same period, federal spending on grants and scholarships dropped from about $6.8-billion to $4.8-billion.

Last year about 4.7 million students borrowed from the federal government, three times the number in 1975-76. On an inflation-adjusted basis, individual students are borrowing more than their counterparts of a decade ago, the report said.

According to a survey of campus student-aid directors conducted last year, the average indebtedness of borrowers at the end of four years of college is $6,685 for those enrolled at public four-year institutions and $8,950 for students at private four-year institutions. At two-year public and private colleges, borrowing averages $3,303 and $4,461, respectively.

Guaranteed Student Loans have evolved over the last 20 years from minimally subsidized loans of convenience for middle-income students to highly subsidized loans for needy students, Ms. Hansen noted. She said the growing reliance on loans has raised serious questions about the equality of access to higher education.

Effects of Loans Not Neutral

That is largely because loans, unlike grants, are not neutral in their effects on borrowers. Women and minority-group members, for example, would find that loan repayments consume a larger share of their income than would white males, Ms. Hansen said, because there continue to be disparities in their earnings.

"The federal strategy for fostering equality of opportunity in higher education, which initially focused on a balanced array of grants, loans, and work opportunities for the disadvantaged, has been transformed," said the report, "with uncertain and largely unexamined implications for the groups who were the original focus of federal concern."

Ms. Hansen said the dramatic growth in the cost of the Guaranteed Student Loan program presented serious questions about the federal government's role in providing subsidized loans.

"One has to wonder just how long the federal government will or should tolerate this kind of financial uncertainty without seeking cost-cutting changes in the program," the report said. "Such changes could have serious implications for educational access, given the critical role the G.S.L. now plays in educational finance for those whose resources are otherwise inadequate to pay for college."

Fewer Well-Paying Jobs

The outgoing chairman of the Congressional committee, Rep. David Obey, Democrat of Wisconsin, and the incoming chairman, Sen. Paul Sarbanes, Democrat of Maryland, noted that the ability of borrowers to repay their loans "will be directly dependent on the performance of the economy of the next decade."

Recent trends are not encouraging, they said, because the number of well-paying jobs for young people has dropped significantly since 1979. That decline, coupled with rising debt and the growing number of low-income borrowers, is "disturbing," they said.

Ms. Hansen said students could not know the financial risks they are assuming when they borrow. If the economy continues to be characterized by low income growth and low inflation, then borrowers today will find the burden of repayment heavier than that of their counterparts of the 1960's and 1970's, she said.

The lawmakers said they were also worried that many students from middle-income families were finding themselves squeezed by soaring college costs and tightened eligibility requirements for federal loans. Families with incomes above about $40,000 are ineligible for federal aid to cover costs at a typical public university and must borrow from nongovernmental sources, they said.

As evidence of the stress that middle-class families face, the lawmakers cited reports that the National Association of Student Financial Aid Administrators is conducting sessions for its members "on how to deal with the emotional trauma which they confront with increasing frequency when families learn that no institutional or governmental assistance is available."

Bruce M. Carnes, Deputy Under Secretary of Education for planning, budget, and evaluation, disputed the report's contention that the shrinkage of federal grant aid had caused a surge in borrowing. "Student indebtedness is growing because college costs are going up so much," he said. "College costs are not going to go down if we decide to double or triple grant money. They'll go up."

Instead of increasing grant money, he said, the Reagan Administration wants to help students manage their college costs by making loan repayments more flexible. This week the Administration will ask Congress to provide $600-million in fiscal 1988 for a loan program that would tie borrowers' repayments to their income after graduation. Congress has approved the spending of $5-million to experiment with the "income-contingent loans" this year.

Under the Administration's budget proposal, about 1.5 million students would be able to obtain such loans—which would not be federally subsidized—in academic 1988-89.

The debate over loans will always be controversial, Ms. Hansen said in the interview. While some believe debt is burdensome, others argue that loans are crucial in providing access to college to students who otherwise would be unable to afford it.

Changes in Borrowers

"There's never going to be a yes-or-no answer to the question about whether loan limits are too high," she said. "You have to ask about it in terms of different types of borrowers." Fifteen years ago most borrowers were in baccalaureate or graduate programs, she said, while now, many community-college and proprietary-school students are borrowing.

Studies show that loan defaulters are not those with the largest debts, she said. Those most likely to default are students who enroll in proprietary schools, borrow relatively small amounts, and drop out without completing their programs. They don't earn enough to make even small monthly repayments, she said.

Others say that defaulters are often disillusioned by their proprietary-school or community-college training and don't want to pay back their loans because they don't think they got their money's worth.

Researchers who have tried to determine what level of debt is manageable have come to no consensus, according to the report. Estimates of acceptable levels range from 3 per cent to 15 per cent of pre-tax income. And even those percentages form only a rough measure of the ability to repay, which also depends on such factors as total family income, family size, and earnings prospects.

A Small Part of All Debt

Individuals do not typically find that holding student loans prevents them from assuming other types of debt, Ms. Hansen said. "The credit market does not appear to place meaningful limits on borrowers' ability to obtain consumer credit in large amounts," she said, adding that an important implication of that finding is that colleges and financial institutions should educate student borrows about how to manage credit.

There are no reliable studies on whether paying off loans requires recipients to choose high-paying careers or delay marriage or childbearing, Ms. Hansen said.

The question of whether the nation's historically high level of debt is dampenirg economic growth is also a matter of debate, Ms. Hansen said, but the debate is unlikely to hinge on the portion of debt represented by student loans. Though they've soared, such loans are a tiny portion of total consumer debt, amounting to only about 1.1 per cent of the $3.2-trillion in individual indebtedness outstanding in 1985, according to government estimates.

While no systematic information exists on how student loans affect the economy at large, there is widespread belief that they create some benefits such as increasing educational attainment and the tax base, Ms. Hansen said.

Copiesof the 74-page report, "Student Loans: Are They Overburdening a Generation?" are available without charge from the Joint Economic Committee, Publications, Dirksen Senate Office Building, Room G01, Washington 20510.

Table 1: Student Borrowing by Program for Selected Years

	1970-71	1975-76	1980-81	1985-86
Guaranteed Student Loan				
Number of loans (in thousands)	1,017	922	2,899	3,640
Dollars loaned (in millions)				
Current dollars	$1,015	$1,267	$6,187	$8,288
Constant 1986 dollars	$2,872	$2,567	$8,031	$8,493
Average loan				
Current dollars	$998	$1,374	$2,134	$2,277
Constant dollars	$2,824	$2,784	$2,770	$2,333
National Direct Student Loan				
Number of loans (in thousands)	452	690	813	854
Dollars loaned (in millions)				
Current dollars	$ 240	$ 460	$ 695	$ 751
Constant 1986 dollars	$ 680	$ 932	$ 902	$ 770
Average loan				
Current dollars	$532	$ 667	$ 853	$ 880
Constant dollars	$1,505	$1,351	$1,107	$ 902
PLUS				
Number of loans (in thousands)	—	—	6	212
Dollars loaned (in millions)				
Current dollars	—	—	$ 14	$ 548
Constant 1986 dollars	—	—	$ 18	$ 562
Average loan				
Current dollars	—	—	$2,333	$2,585
Constant dollars	—	—	$3,029	$2,649

— Program not begun.

students face in borrowing to pay for education and at how the United States compares to other countries in protecting students from these risks. A final section indicates what preliminary conclusions can be drawn from this analysis.

II. Trends in Student Borrowing

Despite the fact that students borrow almost $10-billion annually for postsecondary education, statistics on student loans are poor to nonexistent. Researchers and governing bodies alike have expressed, in various fashion, their frustration over the lack of basic data to answer obvious questions about who is borrowing, how much they are borrowing, and what has happened to borrowing over time.

- "Currently available data do not permit accurate determination of the actual cumulative debt burdens for Guaranteed Student Loan borrowers in California."
- "There exists no coherent central data base for the Guaranteed Student Loan Program, no central integrated data base which links the various Title IV programs, and no systematic cross-year data on student aid recipients across programs."
- "The data suffer from a number of serious limitations precluding, for the most part, any *definitive* assessment of the incidence and level of borrowing among postsecondary students."
- "The best we can do is read tea leaves and make inferences."

There are almost no data except overall program totals available at the national level for G.S.L., which is far and away the biggest student loan program. Most G.S.L. data comes from state guarantee agencies and varies in amount and quality; one major shortcoming is that state agencies have no way of combining information on students who take out loans guaranteed by more than one agency.

Table 2: Average Indebtedness from All Sources for Undergraduates Who Borrow, 1985-86

Institutional type	After 2 years	After 4 years
Public 2-year	$3,303	—
Private 2-year	$4,461	—
Public 4-year	$3,217	$6,685
Private 4-year	$4,340	$8,950

Note: Data are from 485 public 2-year, 107 private 2-year, 335 public 4-year, and 736 private 4-year institutions.

With the exception of a few direct surveys of students or institutions, there are no data on combined borrowing from different programs: G.S.L., N.D.S.L., health professions loans, college and university loan funds, etc.

Thus, it is impossible to assemble precise and comparable nationwide statistics on student borrowing over the past two decades. Nevertheless, a judicious choosing of tea leaves makes it possible to give an impressionistic description of such borrowing and how it has changed in recent years.

Most student borrowing occurs in the three main federal loan programs: G.S.L., N.D.S.L., and Parent Loans to Undergraduate Students (PLUS), a G.S.L. offshoot established in 1980 to provide less-subsidized loans to parents, graduate students, and independent undergraduates. Table 1 gives basic statistics on these three programs for selected academic years since 1970-71, in both current and constant (adjusted for inflation) dollars.

The raw numbers in Table 1 suggest why concern over student loans has been on the rise, showing as they do a startling increase in the amount of borrowing especially under the G.S.L. program. After going along during the early 1970's at slightly over a billion dollars a year, G.S.L. borrowing took off after passage of the Middle Income Student Assistance Act (M.I.S.A.A.) in November 1978 removed all income limits on eligibility. By 1980-81 G.S.L. borrowing had reached over $6-billion and was slowed only temporarily by the reimposition of income restrictions in 1981. By 1985-86 borrowing had climbed to over $8-billion in G.S.L.; in addition, students or their families were taking out more than a billion dollars more in N.D.S.L. and PLUS loans. (The exact amount of PLUS loans being taken by students rather than by parents in unknown; some early data indicated it might be about half.)

Table 3: GSL Indebtedness of Currently Enrolled Borrowers and Repayers in California as of June 30, 1984

Total borrowed	Currently enrolled borrowers	Repayers
$0-$2,500	56.4%	63.4%
$2,501-$5,000	23.7%	26.2%
$5,001-$7,500	8.3%	5.2%
$7,501-$10,000	6.4%	3.6%
$10,001-$15,000	3.6%	1.4%
Over $15,000	1.5%	0.2%

Table 1 suggests several important qualifiers to the impression that student indebtedness had run wild, however. The size of average annual G.S.L. loans more than doubled over the 15 years shown, but more important to the overall size of the program was the nearly four-fold increase in the number of borrowers. This is especially significant in light of the fact that postsecondary enrollments have been relatively steady since the mid-1970's, indicating that borrowing is a much more widespread occurrence among postsecondary students in the mid-1980's than it was in the early 1970's. Moreover, Table 1 illustrates that the *value* of the average annual G.S.L. and N.D.S.L. has actually declined over this period when inflation is taken into account. Thus, though many more students are borrowing each year than 15 years ago, on average their loans are smaller in terms of real purchasing power.

The piecemeal available data indicate that cumulative indebtedness of students is rising along with nominal increases in annual borrowing. A 1986 survey of financial aid directors nationwide by the College Scholarship Service (C.S.S.) and the National Association of Student Financial Aid Administrators (NASFAA) provides the best up-to-date indication of the debt levels of undergraduate students completing programs of study in 1985-86. Table 2 shows average debt levels for students who borrow after two years in public and private two-year colleges and after four years in four-year colleges and universities. The statistics of most interest are those suggesting that student borrowers at public colleges are graduating with an average debt of $6,685, while their private college counterparts have debts averaging $8,950.

Table 5: Cumulative Debt from All Sources of 1984 Seniors at 22 Private Colleges

No debt	27%
$1-$2,499	4%
$2,500-$4,999	10%
$5,000-$7,499	16%
$7,500-$9,998	20%
$10,000-$12,499	17%
$12,500-$14,999	3%
$15,000 and over	3%

Note: Percentages are not weighted by institutional enrollments or to adjust for differences in response rates. Results are based on 6,668 respondents from 22 institutions.

Though the data are again spotty, clearly today's students are accumulating more total indebtedness than did their counterparts in earlier years. [Jerry S.] Davis, using data on loans guaranteed by the Pennsylvania Higher Education Assistance Authority, reports that seniors leaving school in 1974-75 had cumulative G.S.L. loans averaging $3,698, a number which grew modestly to $4,474 in 1980-81 and then bounded upward to $7,110 in 1983-84. Elsewhere he reports that in 1980-81 slightly over 600 Pennsylvania undergraduates left school owing more than $7,500 in G.S.L.'s; in 1983-84 about 12,400 undergraduates left school owing this much.

The California Postsecondary Education Commission found evidence of increasing dependence on G.S.L.'s by comparing the accumulated indebtedness of students enrolled in school in 1984 (who are likely to borrow still more before leaving) and borrowers already in repayment (see Table 3) and noting the larger proportions of currently-enrolled borrowers at the higher loan levels. Nearly 20 per cent of those who were currently enrolled already had borrowed over $5,000, as compared to 10 per cent of those who had left school and were repaying their loans.

Table 4: Cumulative GSL Debt of Seniors in Pennsylvania and New York, Selected Years

Amount	Pennsylvania 1974-75	Pennsylvania 1977-78	Pennsylvania 1980-81	Pennsylvania 1983-84	New York 1985-86
Less than $2,500	29.3%	33.7%	31.7%	9.4%	10.5%
$2,501-$5,000	45.2%	34.8%	35.0%	17.6%	18.3%
$5,001-$7,500	25.5%	31.3%	30.4%	27.2%	21.6%
$7,501-$10,000	n/a	0.2%	2.9%	43.6%	36.8%
$10,001-$12,500	n/a	n/a	n/a	2.5%	10.8%
Number of students	8,065	9,185	18,672	23,023	43,080

n/a = Not applicable.

The cumulative indebtedness of graduating seniors in the University of Wisconsin system rose 19 per cent (from $5,884 to $6,995) between 1982-83 and 1984-85.

Cumulative loan amounts, however, vary widely around the average. Table 4 shows cumulative G.S.L. indebtedness for Pennsylvania seniors leaving school in selected academic years; it indicates both the range of debt and also how cumulative loan levels and the number of borrowers have been rising. It also shows cumulative indebtedness of seniors in New York in 1985-86. The large percentage of students with high debt levels in New York reflects both more recent data and the fact that a high proportion of New York students attend private colleges. Table 5 shows the distribution of debt among students graduating in 1984 from 22 schools belonging to the Consortium on Financing Higher Education (COFHE), which represents 30 of the most selective and expensive private colleges in the country. These data, unlike most that are available, indicate how many students graduate without debt as well as the range of debt for those who borrow. At the 22 COFHE schools, only a quarter of 1984 graduates were debt-free, while 43 per cent left school owing $7,500 or more. Table 6 shows the distribution of average debt levels reported by financial aid directors nationwide for 1986 students completing four years of school. It indicates that relatively high levels of borrowing (average cumulative debts exceeding $10,000 for undergraduates) can be found at more than a quarter of private colleges and at a tenth of public ones.

Translating from current to constant dollars modifies the impression of growing indebtedness given by current dollar figures. The C.S.S./NASFAA survey found current indebtedness among private college graduates who borrowed to be $8,950 in today's (1986) dollars. This would be the same after accounting for inflation as a cumulative indebtedness of $4,285 in 1975. An undergraduate today borrowing $12,500, which was the G.S.L. statutory maximum until legislative changes in October 1986, would be indebted at the same real level as an undergraduate who completed a bachelor's degree in 1975 with $5,985 in debt.

Thus while borrowing is increasing in amount and is certainly more widespread, inflation is an important part of the growth in cumulative debt levels.

Perhaps more important than total debt levels for undergraduates is the fact that borrowing is now so much more common. In the early years of G.S.L. most undergraduate borrowing occurred in colleges and universities, where students were the most likely to complete degree programs and to have higher earnings after graduation. Indeed, an early concern in G.S.L. was bankers' unwillingness to lend to poor students and to those in community colleges and proprietary schools. Illustrative data from two states demonstrated that these restrictions have been overcome. Community colleges led the way in the growth in use of loans in Illinois between [fiscal] 1975 and [fiscal] 1985 (Table 7). In Pennsylvania

Continued on Following Page

Table 6: Average Debt from All Sources at the End of Four Years, as Reported by Financial-Aid Officers*

Debt after 4 years	Public 4-year institutions	Private 4-year institutions
Under $1,000	0%	0.4%
$1,000-$1,999	1.5%	0.5%
$2,000-$2,999	5.1%	1.5%
$3,000-$3,999	7.8%	2.2%
$4,000-$4,999	20.4%	6.8%
$5,000-$7,499	31.8%	19.3%
$7,500-$9,999	22.8%	38.7%
$10,000-$14,999	9.0%	27.3%
Over $15,000	1.2%	2.6%
n/a	0.3%	0.7%
Total number of schools	333	736
Approximate mean	$8,685	$8,950

* Percentage distribution represents the distribution of survey respondents (one per school), not the number of students in each category.
n/a = Not applicable.

Table 7: Undergraduate Borrowing from All Sources by Institutional Type in Illinois, Selected Years

	Fiscal year 1975	Fiscal year 1985	Per cent change
All schools*			
Number of loans	30,289	106,902	+253%
Amount lent	$ 41,677,113	$245,582,273	+489%
Average loan	$ 1,376	$ 2,298	+ 67%
Public 4-year			
Number of loans	17,299	46,937	+171%
Amount lent	$ 19,418,400	$ 99,086,187	+410%
Average loan	$ 1,123	$ 2,111	+ 88%
Community colleges			
Number of loans	3,659	20,666	+465%
Amount lent	$ 3,813,141	$ 41,374,398	+985%
Average loan	$ 1,042	$ 2,002	+ 92%
Private institutions			
Number of loans	9,331	39,299	+321%
Amount lent	$ 18,445,572	$105,221,688	+470%
Average loan	$ 1,977	$ 2,677	+ 35%

* Except proprietaries.

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Table 8: Number of Borrowers Leaving School by Sector in Pennsylvania, Selected Years

Institutional type	1974-75	1983-84	Per cent change
In-state			
4-year private	5,083	16,717	+229%
State universities	4,890	11,426	+134%
State-related	4,297	13,769	+220%
Junior colleges	262	1,373	+424%
Community colleges	1,117	6,975	+524%
Nursing schools	569	1,665	+193%
Proprietary schools	4,443	30,829	+594%
All out-of-state	4,754	12,445	+162%

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community college and proprietary school participation in student loans has grown significantly faster than the four-year colleges (Table 8).

Scattered additional evidence from around the country supports the view that there has been a large increase in borrowing among students at schools offering two years of study or less.

This change has been part of a larger transformation in G.S.L. from a program intended mainly to ease the cash-flow problems of non-needy families to a major source of funds for low-income students attempting to pay for college.

In Fiscal Year 1983, 40 per cent of all G.S.L. borrowers came from families with annual incomes under $15,000 (Table 9). Median family income in 1983 was $24,580.

The foregoing data suggest that while student loans are growing, individual indebtedness may not be as alarming as overall program statistics suggest.

But what about the future? Not only does the existing data suggest that the rate of increase has picked up in the 1980's, but there are clear signs that indebtedness is likely to continue on its upward course.

The statutory maximum annual loan limit for undergraduate G.S.L.'s was set at $2,500 in 1972, but actual average borrowing has only recently approached this level.

Future increases are unlikely to be constrained, however, since the reauthorization of the Higher Education Act (P.L. 99-498) signed into law on October 17, 1986 raises the undergraduate loan ceiling in G.S.L. to $17,250 and increases borrowing limits under N.D.S.L. as well.

The eligibility of middle-income students for G.S.L. was also curtailed; but states, schools, and private lenders seem likely to develop new borrowing options for this group.

Data from the C.S.S./NASFAA survey of financial aid directors also indicates that borrowing is likely to keep going up.

Table 10 shows that only a minority of respondents favored keeping loan limits where they are, though the range of opinion about what the maximum annual and cumulative loan limits for undergraduates from all sources should be was wide.

Having examined these diverse tea leaves, what inferences can be drawn? The following points sketch what is probably an accurate picture of student borrowing in the United States, the implications of which will be discussed below.

► Of the roughly 14 million students enrolled annually in public, private, and proprietary postsecondary institutions, the evidence suggests that about a third borrow. Since some students may borrow in one year but not another, the proportion of students leaving school with debt is higher. While we lack data to make ready comparisons with earlier years, it is clear that the proportion of students borrowing to finance higher education has grown greatly in the last decade.

► Data on overall borrowing mask significant differences in the proportion of borrowers of different types. Graduate students probably borrow more frequently and at higher levels than undergraduates, full time students more frequently and at higher levels than part-timers, and students at private institutions more frequently and at higher levels than those enrolled at public, lower-cost schools.

► Among undergraduates, the range in borrowing is wide. Relatively few students leave school having borrowed the maximum for which they are eligible.

► Annual and cumulative borrowing by individuals has grown significantly, but adjusting borrowing levels for inflation modifies the magnitude of the increase. Real indebtedness levels are higher than they were 10 or 15 years ago, but not nearly so much as unadjusted statistics would suggest.

► While student loans used to be viewed as largely for the middle class, they are now used by many students from lower-income families as well.

► Student borrowing is now common at community colleges and proprietary schools as well as among students in traditional baccalaureate programs, but the heaviest dependence on loans and the highest debt levels are found among students enrolled in private colleges and universities.

Table 9: Income Distribution of GSL Recipients, Fiscal Year 1983

Income	Financially dependent students	Financially independent students	All borrowers
Below $15,000	34.5%	48.9%	39.5%
$15,000-$29,999	28.6%	24.4%	27.1%
$30,000-$44,999	22.0%	8.0%	17.1%
$45,000-$59,999	7.8%	2.0%	5.8%
$60,000-$74,999	2.1%	0.4%	1.5%
$75,000 and up	0.3%	0.1%	0.2%
Unknown	4.7%	16.4%	8.8%
	100%	100%	100%
Percent of total	**65.1%**	**34.9%**	**100%**

III. Student Loans and the Economy

In 1985 the California Postsecondary Education Commission concluded from a review of the "problems and prospects" of the G.S.L. program in that state that "students with large loan indebtedness will typically have to postpone major purchases for at least a time after entering the work force. . . . The impact of this increasingly common set of circumstances has major implications for the overall health of the economy."

Concern over these issues has arisen among observers of rising student debt levels at the national level as well. The next section of this paper looks at whether the economic well-being of individuals is likely to be affected by the amounts borrowed for college. Here, we look at whether student borrowing poses a threat to the economy at large.

The question is a complex one and has been the subject of virtually no formal analysis. Therefore, the comments made here (even more so than the rest of this study) must be viewed as tentative and suggestive. At a minimum, we may be able to conclude whether the evidence currently available suggests that a major problem already exists or whether much more detailed analyses would be necessary to draw this conclusion.

The danger to the economy posed by the increasing reliance on student loans is presumably the same danger that economists ascribe to high levels of debt in general. [Charles A.] Luckett and [James D.] August claim that the chief economic problem arising from high debt levels is the constraint imposed on spending when income must be directed to debt service rather than current consumption, though they also recognize the fear that creditors will curtail the availability of credit if high debt levels threaten losses on loans. In either event, spending increases could be constrained and economic growth thereby threatened.

National economic activity is spurred by government and business as well as consumer purchases, so economic growth depends on spending patterns in all three sectors. Therefore, one useful way to put student loans in context is to see what proportion they represent of all borrowing. Table 11 shows that the G.S.L. and PLUS programs (which reflect much but not all student borrowing, with N.D.S.L. the most significant omission) are currently a tiny fraction of the nation's debt. Economic demand seems much more likely to be affected by changes in other areas, such as government spending in this Gramm-Rudman era of budget cuts designed to trim the size of the annual federal deficit, than by what happens in the education loan arena.

Focusing on just household, as opposed to business and government, indebtedness, gives student loans a more visible, though still comparatively small, role. Table 12 shows how G.S.L. and PLUS have changed since 1978 in comparison to consumer installment and mortgage debt. In the Federal Reserve Board's economic reports, student loans that have entered repayment are counted as part of the former. Table 12 indicates that G.S.L./PLUS loans in repayment have grown almost 4½ times faster than installment debt as a whole since 1978, though still a small fraction of such debt. This statistic may overstate the significance of student loans as a constraint on household budgets, however, since these loans typically involve ten-year repayment periods and therefore are counted in the stock of debt longer than other consumer loans that are usually paid off in one to five years. The extended repayment period means that monthly repayments on student loans are also lower than repayments on similar amounts of other consumer debt.

Whether or not today's historically high consumer debt levels are a problem for the overall economy is the subject of debate. Some analysts conclude after examining the various factors contributing to recent rapid increases that households do not appear in a weakened financial position and that household debt does not seem to be an impediment to future consumer spending, barring a general economic downturn. Others argue that both lenders and borrowers are threatened by recent borrowing patterns that mark a sharp step upward from the trends that have prevailed during most of the past 40 years. The outcome of this debate is unlikely to hinge on the comparatively small portion of household indebtedness that represents student borrowing, though any future consensus that debt levels overall have grown too large would certainly have implications for student loans.

Finally, it is important to note that any detailed assessment of the effects of student loans on the economy would have to take account of the possible spurs to economic growth that these loans represent. This is yet another area where adequate research is lacking, in part because the analytical issues are tremendously complicated and difficult to disentangle. The question of how student aid in general, to say nothing of loans in particular, has affected the economy, among other things, is the subject of much debate and little consensus. But there is clearly a widespread belief that some positive benefits have accrued, despite the problems in measuring and attributing them.

At the most obvious level, loans probably contribute to economic growth by freeing resources that would otherwise have to be spent on education. Delving more deeply, analysts who believe that student assistance programs (grants, loans, and work) have had some positive effects on enrollment rates and educational attainments go on to argue that these effects "unquestionably translate into increases in the national income, the national tax base, employment, and overall productivity." [James C.] Hearn and [Sharon L.] Wilford also cite "a rigorous set of analyses" performed by Susan R. Griffith "examining the question of what the absence of the federal Title IV student aid programs since 1965 might have meant to the nation's economy. Her conclusions were blunt: without the massive federal student aid investment, the nation's unemployment levels and tax base would have suffered appreciably over the past twenty years."

Though Hearn and Wilford acknowledge difficulties with Griffith's study, they are right in looking to these kinds of question in order to get a balanced view of the impact of student aid.

What conclusions, then, can we draw about student loans and the economy?

► There is virtually no systematic analysis that addresses directly the question of how student loans do or will affect the economy.

► Whether today's historically high levels of government, corporate, and household indebtedness pose a threat to national economic

Table 10: Opinions of Financial-Aid Officers About Maximum Debt Levels, by Type of Institution

Issue	Public 2-year	Public 4-year	Private 2-year	Private 4-year
Per cent favoring no change in the current statutory annual maximum GSL for undergraduates ($2,500)	67.0%	44.8%	40.7%	31.1%
Per cent favoring increase	33.0%	55.2%	59.3%	68.9%
Per cent favoring no change in the current statutory maximum GSL for all undergraduate years ($12,500)	53.8%	41.4%	40.6%	25.0%
Per cent favoring increase	46.2%	58.6%	59.4%	75.0%

Table 11: Outstanding Indebtedness of Government, Corporations, and Individuals, 1985 (in billions of dollars)

Federal government	$1,600.4
State and local government	$ 553.1
Corporations	$1,505.1
Individuals	$3,224.6
GSL and PLUS loans*	$ 36.8

*Includes loans to students still in school and those that have entered repayment—fiscal year data.

Table 12: Installment, Student Loan, and Mortgage Debt Outstanding (in billions of dollars)

	Total GSL/PLUS loans outstanding	(1) Consumer installment credit outstanding	(2) GSL/PLUS loans in repayment	(3) (2) as a per cent of (1)	(4) Mortgage debt outstanding (1-4 family homes)
1978	$ 7.5	$262.0	$ 2.9	1.1%	$ 753.5
1979	$ 9.1	$296.5	$ 3.2	1.1%	$ 870.5
1980	$12.3	$297.7	$ 3.8	1.3%	$ 963.9
1981	$18.5	$314.3	$ 4.7	1.5%	$1,038.5
1982	$22.7	$327.2	$ 6.9	2.1%	$1,074.7
1983	$27.0	$376.2	$ 9.5	2.5%	$1,192.8
1984	$31.9	$453.6	$13.0	2.9%	$1,329.6
1985	$36.8	$535.1	$16.1	3.0%	$1,469.1
Percentage increase 1978-1985	**390%**	**104%**	**450%**	—	**95%**

Note: Total GSL loans outstanding include loans of students still in school as well as loans that have entered repayment. Only loans that have entered repayment are counted by the Federal Reserve as part of consumer installment credit outstanding.
GSL and PLUS data are for the end of the fiscal year. Consumer credit and mortgage-debt data are for the end of the calendar year.

growth is the subject of debate. The outcome of this debate is unlikely to hinge on the comparatively small portion of household indebtedness that represents student borrowing, though any future consensus that debt levels overall have grown too large would certainly have implications for student loans.

IV. Student Loans and Individual Well-Being

The fact that it has not yet been demonstrated that student loans are negatively affecting the national economy does not mean that individual borrowers might not find their economic well-being threatened by the burden of debt repayment. This section examines the burden imposed on young adults by educational debt.

There has been more research which speaks to this issue than on many questions in the student loan area. As noted at the beginning of this paper, loan defaults have been the object of much attention, mostly because of concern over the costs (both political and monetary) they impose on government programs. But since the act of defaulting might be considered at least a rough indication that the loan burden had proven unmanageable for the borrower involved, information on who defaults on student loans is also relevant to the issue of loan burden. Addressing the question more directly have been a number of studies attempting to define manageable levels of borrowing for students. Yet another research tack with implications here is analysis of how student loans might affect a borrower's subsequent ability to obtain credit for such things as a house and a car. Finally, there has been some effort to look at whether educational debt affects other life decisions such as career choice, marriage, and having children.

A number of studies have discovered that high cumulative debt levels do not appear to be the culprit in G.S.L. loan default. Rather, high default rates occur among borrowers of smaller amounts, those who take out only one or two loans, those who stay in school for only a year or two, and those who do not obtain their degrees or certificates. Community college and proprietary school students represent a disproportionately high share of defaulters. The total amount of indebtedness incurred appears to be much less a factor in default than does the relationship of this indebtedness to later income, the prospects for which are poorer for dropouts than for graduates and for students who attain lower levels of schooling.

Researchers have periodically attempted to define manageable levels of indebtedness for college students, usually expressed in terms of the proportion of pre-tax or post-tax income that can reasonably be made available for student loan repayment. [James B.] Stedman reviewed major studies by [Andre] Daniere, [Robert W.] Hartman, [Joseph] Froomkin, and [Dwight H.] Horch and determined that there was "no consensus on where the threshold separating manageable from unmanageable levels of debt should be set." Manageability thresholds derived by these analysts ranged from 3 to 15 per cent of pre-tax income, for example. Nor is the diversity of findings the only problem with this approach. Stedman notes a number of other factors that limit its usefulness.

► Applying manageability thresholds to decisions about how much students can borrow requires information about future incomes and about the exact repayment terms of loans, information which can be difficult to get for a homogeneous group of borrowers (medical students, for example) and almost impossible for a diverse one (all baccalaureate recipients).

► In Stedman's view, many of the calculations used in defining manageable indebtedness are arbitrary.

► Debt manageability thresholds focus mostly on short-term debt burdens, whereas there are also long-range implications that should be considered.

► Relating debt service costs to income is a crude measure of a borrower's capacity to make repayments, a capacity which also depends on such factors as family size, the number of workers per household, and earnings prospects.

► Focusing on the manageability of educational debt alone may shift attention away from how much total indebtedness borrowers can manage and how student debt may cause young adults to be turned down later for additional credit to finance houses, cars, and other goods.

[Robert W.] Johnson and [A. Charlene] Sullivan have addressed this last point. They analyzed eligibility requirements imposed by lenders both for mortgage and consumer credit and assessed the extent to which these requirements were likely to limit individuals with educational debts from obtaining additional credit. Within both sectors the requirements are diverse, but they are less variable and more restrictive in the mortgage lending area. Johnson and Sullivan concluded that student indebtedness as it existed in 1981 (the last year for which they had data) was unlikely to affect the future consumption behavior of young adults. They found that credit markets did not impose particularly effective controls on consumer indebtedness, despite the existence of restrictions on the part of some lenders. In fact, borrowers appeared to be able to obtain "huge" amounts of consumer credit; their own self-imposed limits were responsible for keeping debt levels generally below maximum levels established by the marketplace. Johnson and Sullivan did express concern, based on their projections of future student borrowing and income patterns, that students graduating in the mid-to-late 1980's might find it more difficult to obtain credit for the purchase of residential property. Their projections of future student loan levels appear to be higher than we have actually seen, however, and the analysis would also presumably be affected by the recent and sizeable decline in mortgage interest rates relative to those obtaining when the study was written.

Nevertheless, there are two important points that relate to this issue of how student borrowers will subsequently fare in the credit market. The first is that, contrary perhaps to common expectations, credit markets will *not* keep young adults from getting into financial trouble by restricting the total amount they can borrow for various purposes. In fact, this absence of market discipline appears more evident now than it did three years ago. Sullivan argues that recent developments in the credit market—deregulation, innovations in credit delivery systems and contracts, and increased competition—"have removed some of the forces that have historically operated to limit the amount of credit available, especially

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to high-risk consumers." This suggests that educational and financial institutions providing student loans to often young, financially-inexperienced individuals have a responsibility to educate them about shopping for and managing credit so that they do not get themselves in over their heads when they leave school and face a host of new credit decisions and few restrictions.

The second point has to do with the future access of student borrowers to *attractive* forms of credit for their later purchases. Mortgage and consumer credit used to be treated equally under the tax laws, but the tax reform legislation of 1986 gradually removes the deductibility of interest payments, except for interest on home mortgages. For the minority of taxpayers who itemize deductions, this will not only make student loans more expensive because interest will have to be paid with after-tax dollars, but will make second mortgages and other debt instruments based on home equity more attractive ways of borrowing money for whatever purpose than installment loans. If young adults who have borrowed as students find themselves less able than their debt-free peers to buy homes, they may find themselves comparatively disadvantaged in access to the most attractive loans for consumer purchases as well. Since young people have lower incomes and are probably less apt to itemize than the general population, however, this problem may turn out to be more hypothetical than real.

A final aspect of the economic well-being issue has to do with whether individuals who borrow for education will be able to repay only at the cost of choosing high-paying careers or delaying marriage or childbearing. Three researchers who look at this question directly concluded that such was not the case. Davis reported that "Our 1982 follow-up study of 1981 alumni of Pennsylvania institutions found that: (1) only a few borrowers were experiencing loan repayment burdens; (2) there was no relationship between marital statuses and borrowing rates or levels; (3) alumni who had gone to graduate school or were planning on advanced degrees had *higher*, not *lower*, debt levels than others who had completed baccalaureate degrees; (4) there were no significant differences in first year earnings of borrowers and non-borrowers employed in similar occupations, suggesting that borrowers probably *did* not obtain higher-paying jobs to repay their loans; and (5) G.S.L.P. debt levels did vary by occupations, with engineers having higher debt levels and marketing and sales personnel having lower debt levels—but engineers earned more and marketing/sales personnel earned less, so their relative situations were similar."

[Dennis J.] Martin reported similar findings from a national sample of borrowers in repayment.

"In general terms, student loans do not appear to have as much adverse impact on borrowers in repayment as many of us, perhaps somewhat viscerally, would have thought. With the exception of the degrees to which loan payments affect their ability to save, the average responses expressed by these borrowers in repayment fall well short of the midpoint in the response range for such value judgments as: the degree to which loan debt affects the decision to marry, to start a family, to take a higher paying job rather than one in a preferred field, to postpone health care, to rent instead of purchase a home, or to drive a used car rather than a new one."

[Kathleen W.] Little reported no significant differences among borrowers and non-borrowers in the classes of 1979 and 1984 at the University of California at Santa Cruz in their patterns of marrying, having children, attending graduate school, buying a house, or owning a car.

All of these studies have problems. Those reported by Davis and Martin are old; they report on students who completed school before the large borrowing years of the 1980's. Martin's results are based on a survey that suffered from a very low response rate and that omitted defaulters from its sample, though borrowers who fail to make their payments might be considered the ones where student loans would have had the greatest impact on later economic decisions. Both Davis and Little (at least for the Class of 1984) surveyed students within a year or so of graduation; perhaps negative economic effects take longer to appear.

Evidence that has been cited in arguing that student loans *do* affect later decisions unfortunately suffers from shortcomings of its own. Neither the Carnegie Foundation nor American Council on Education surveys, for example, that imply that comparatively high borrowing levels influence career choice adequately distinguishes between cause and effect: do students borrow more when they expect to enter high-paying fields or do they enter high-paying fields because they have large debts to repay?

These are important questions, especially as debt levels of undergraduates rise. Much more and methodologically more sound research is needed to draw meaningful conclusions, however.

Even though it is virtually impossible as yet to disentangle the knotty question of how much debt students can afford to take on without adverse consequences, however, it is possible to demonstrate that, at the point of borrowing under loan programs as presently constituted, students *cannot* know what the real burden of the debt they are assuming will be.

How burdensome loans will be during the repayment period is a function of not only how much is borrowed, but also how much the borrower earns and what is happening in the economy at large during repayment, especially to the general level of prices. Inflation, scourge though it may be in many ways, is the friend of debtors with fixed interest obligations, who can repay what they owe in devalued dollars. Students, especially undergraduates, deciding on whether or how much to borrow, however, are not in any position to know how all these factors will interact to determine the real burden of their indebtedness. As they start school, they cannot be sure of completing their program of study; many will drop out along the way. Most of them will not know with any certitude what careers they will end up pursuing. With borrowing becoming more commonplace, more borrowers will end up having at best just average, rather than above average, income prospects, at least as compared to others with similar educational backgrounds. And future economic conditions, including levels of real wage increases and inflation, are not only beyond their knowing, but beyond the knowing of our most sophisticated economic forecasters as well.

Using a simulation model called the Student Loan Counselor, developed by Dwight Horch of the Educational Testing Service, it is possible to illustrate how variations in the unpredictable circumstances facing student borrowers can affect the burden of student loan repayment. In considering the examples, it is useful to keep in mind as rough benchmarks the following: (1) the debt manageability studies showing the "acceptable" debt repayments ranged from 3 to 15 per cent of pre-tax income; and (2) Johnson and Sullivan's findings that, while consumer credit is easy to find, many banks report the use of guidelines that limit the ratio of mortgage debt service/pre-tax income to 25-28 per cent of income and total mortgage and consumer debt/pre-tax income to 40 per cent, with the latter figure sometimes ranging up to 60 per cent.

The results of the simulations appear in Tables 13, 14, and 15. Seven illustrative borrowers are described there, each of whom borrowed $10,000 in G.S.L.'s with an 8 per cent interest rate in the course of obtaining a bachelor's degree, putting them among the most heavily indebted of today's undergraduates. Each student graduated in 1985 and got a job within a few months. Starting salaries are based on data in Horch's model for 1985, with $10,800 the average for liberal arts and business administration graduates. The loans must be paid back in equal monthly installments over a ten-year period, beginning 6 months after graduation.

Table 13 indicates the influence of income and inflation growth rates on loan burden. [Frank S.] Levy and [Richard C.] Michel have shown how real earnings prospects for men aging from 25 to 35 changed over two recent decades, growing roughly 7 per cent annually in the period 1963-1973 but only about one and a half per cent in the period 1973-1983. The first two students in Table 13, Aaron and Betty, generally illustrate these two real income growth rates. Inflation, however, was low in the first period and high in the second, circumstances that are also reflected in the simulations for Aaron and Betty respectively. The net result is that their loan burden is about the same, demonstrating the fact that, as far as loan repayment is concerned, inflation and real income increases are equally beneficial.

The third case in Table 13, Colin's, shows how debt burdens are higher if both inflation and real income increases are low, as is currently true in the United States. Dana's case is reflective of what might happen if the nation is able to improve earnings somewhat while keeping inflation under control. While some of these repayments would restrict the borrowers' ability to qualify for a mortgage, they affect in different degrees the capacity of a prudent individual to take on additional consumer debt. In no case is additional consumer borrowing ruled out altogether, however.

Table 14 holds student borrowing and economic conditions constant while varying starting salaries. Erin has the typical starting salary of a new teacher in some jurisdictions, Frank the salary of the average liberal arts graduate, and Grace the salary of a new engineer. The teacher clearly has the heaviest burden and, if she should want to buy a house in the years soon after graduation, might find it unwise to borrow for other purposes. In these first few years, she will have to use twice the percentage of her salary to repay her student loans as will the engineer.

Table 15 shows the same three students as Table 14, but now assuming that they do not all borrow equal amounts but vary their borrowing to reflect their expected choice of career. In addition, the three careers are assumed to have different earnings prospects from year to year. This table shows that students can equalize their debt burden more than in Table 14 by borrowing less if they expect to enter less lucrative careers; this means, however, that they do not have in fact equal access to loans to help pay for higher education. How, then, can we summarize these diverse findings on student loans and individual well-being?

- Growing student indebtedness has raised fears that repayment obligations are threatening the economic well-being of those who borrow to pay for college. While a number of studies speak to aspects of this issue, they are often old or flawed and come to contradictory conclusions.
- High levels of debt do not appear to be the culprit in loan default. Rather, high default rates occur disproportionately among students who borrow only once or twice, whose cumulative indebtedness is relatively low, who stay in school for only a year or two, and who fail to obtain their degrees or certificates, characteristics that also correlate with lower incomes than those earned by individuals who receive bachelor's degrees.
- Attempts to define "manageable debt limits" for students have resulted in diverse findings and have numerous shortcomings that hamper their usefulness.
- Highly-indebted borrowers with below-average earnings might find their later ability to obtain home mortgages hindered because of restrictions often used by mortgage lenders, but the credit market does not appear to place meaningful limits on borrowers' ability to obtain consumer credit in large amounts.
- The absence of meaningful limits in the credit market suggests that educational and financial institutions that provide student loans have a responsibility to educate their often young and financially-inexperienced clients about managing credit so that they do not get themselves in over their heads financially when they leave school.
- There is little evidence that past borrowers are choosing high-paying

Table 13: Comparison of Loan Burden Under Various Economic Assumptions

Assumptions	Borrower: Aaron	Betty	Colin	Dana
Total GSL borrowed	$10,000	$10,000	$10,000	$10,000
Starting salary	$18,800	$13,800	$18,800	$18,800
Expected annual real income growth	7%	2%	2%	5%
Expected annual increase in CPI	4%	8%	3%	3%
Year of repayment	**GSL repayments as percentage of pre-tax income**			
1	7.7%	7.7%	7.7%	7.7%
2	7.0%	7.2%	7.4%	7.2%
3	6.2%	6.8%	7.0%	6.8%
4	5.6%	6.3%	6.7%	6.1%
5	5.1%	5.9%	6.4%	5.7%
6	4.5%	5.5%	6.1%	5.2%
7	4.1%	5.1%	5.8%	4.8%
8	3.7%	4.8%	5.5%	4.5%
9	3.3%	4.5%	5.2%	4.1%
10	3.0%	4.2%	5.0%	3.8%

Table 14: Comparison of Loan Burden Under Various Economic Assumptions

Assumptions	Borrower: Erin	Frank	Grace
Total GSL borrowed	$10,000	$10,000	$10,000
Starting salary	$13,500	$18,800	$28,100
Expected annual real income growth	3%	3%	3%
Expected annual increase in CPI	4%	4%	4%
Year of repayment	**GSL repayments as percentage of pre-tax income**		
1	10.8%	7.7%	5.4%
2	10.1%	7.2%	5.2%
3	9.4%	6.7%	4.9%
4	8.8%	6.3%	4.5%
5	8.2%	5.8%	4.2%
6	7.7%	5.5%	4.0%
7	7.1%	5.1%	3.7%
8	6.7%	4.8%	3.4%
9	6.2%	4.5%	3.2%
10	5.8%	4.2%	3.0%

Table 15: Comparison of Loan Burden Under Various Economic Assumptions

Assumptions	Borrower: Erin	Frank	Grace
Total GSL borrowed	$ 7,000	$ 8,500	$10,000
Starting salary	$13,500	$18,800	$28,100
Expected annual real income growth	3%	3%	4%
Expected annual increase in CPI	4%	4%	4%
Year of repayment	**GSL repayments as percentage of pre-tax income**		
1	7.5%	6.6%	5.6%
2	7.1%	6.1%	5.2%
3	6.7%	5.7%	4.7%
4	6.2%	5.4%	4.4%
5	6.0%	5.0%	4.1%
6	5.6%	4.7%	3.9%
7	5.3%	4.4%	3.5%
8	5.0%	4.1%	3.2%
9	4.7%	3.8%	3.0%
10	4.4%	3.5%	2.8%

careers or delaying marriage and childbearing as a result borrowing to pay for education, though this issue needs much more research that reflects the experience of student borrowers of the mid-1980's, who have borrowed more than earlier graduates.

► Under loan programs as presently structured, students cannot know what the real burden of the debt they are assuming will be. The proportion of later income that individuals will have to devote to student loan repayment rather than to other consumption or saving depends on a variety of factors (ultimate career choice, the prospects for real income increases, and the outlook for inflation) that cannot be reliably predicted by an undergraduate at the time of borrowing.

► Poor productivity growth and lagging incomes in the economy at large will increase the burden of student borrowing. Inflation, on the other hand, while signaling an economy in trouble, lessens the burden of debts with fixed interest rates, which can be paid back in devalued dollars. Relative to student borrowers in the 1960's and 1970's, today's student loan repayers would be most disadvantaged by a combination of low inflation and low real income increases, a situation characteristic of a stagnant economy.

V. Student Loans and Educational Opportunity

The federal government launched its major student aid programs (embodied in Title IV of the Higher Education Act of 1965) at the height of the War on Poverty. The primary rationale for federal action (and for much of state and institutional aid as well) was and continues to be the need to equalize educational opportunity for traditionally underrepresented groups in higher education: lower-income individuals, minorities, and women.

Concern is mounting that this educational opportunity goal is being threatened by an increasing imbalance in the student aid system between loans and grants; that is, between aid that has to be repaid and that which doesn't. Hard evidence to support or refute this concern is unfortunately difficult to find. Nevertheless, it is clear that whether or not traditionally-disadvantaged students are discouraged from participating in higher education because of the swing toward loans as the major form of available assistance, they will find the burden of loan repayment heavier than their white male counterparts because of continuing disparities in income. Thus loans are not as fair, in the sense of being neutral among different types of students, as are outright grants. Moreover, G.S.L. as currently structured has become increasingly costly to the federal government, which makes this largest of student aid programs a vulnerable target in times of high federal deficits.

To develop these points further first requires some information about available student aid and about how the sources and forms of this aid have shifted over time. As Table 16 shows, in academic 1985-86, $20-billion in various kinds of assistance was available to students at all levels in postsecondary education. The federal government was by far the dominant provider, supplying three-quarters of the total. Thus changes in federal policy, and particularly shifts in emphasis between grants and loans, colored the entire student aid picture.

In 1985-86 almost all federal aid came through the Title IV (or "generally available" aid) programs, but this was not always the case. In the early 1970's, two "specially-directed aid" programs, Social Security student benefits and veterans' educational benefits, accounted for more student assistance than all the Title IV programs. While not intentionally focused on lower-income or disadvantaged students, Social Security and Vietnam-era veterans' benefits probably disproportionately benefited these groups. Both provide outright grant aid.

Two major changes have occurred in federal student aid and thus aid as a whole, both with implications for educational opportunity. First, in the early 1980's inflation-adjusted student aid dropped. Table 17, a constant-dollar version of Table 16, shows a 14-per-cent drop in aid from federally-supported programs between 1980-81 and 1985-86, due entirely to the disappearance of Social Security student benefits and a large decline in aid for veterans. Generally-available federal aid, after suffering a decline in inflation-adjusted dollars in the early 1980's, bounced back somewhat by 1985-86. Thanks more to large real increases in state and institutional grant aid, however, the drop in overall aid available was held to 7 per cent. At the same time that overall aid was declining, however, college costs were rising faster than inflation and real family incomes (Table 18).

The second change is in the balance between types of assistance. Table 19 shows how the proportions of total aid being made available as grants, loans, and work-study have changed. From a high of 80 per cent of all aid in 1975-76, grants declined to 48 per cent 10 years later. Loans now represent almost half of all available aid, up from 17 per cent 10 years earlier.

This shifting balance raises concern over effects on educational opportunity. It is often argued that students from low-income families, minorities, and women are more reluctant to borrow than are white males, though the evidence here is ambiguous. It is clear, however, that these groups earn less than their white male counterparts once they enter the full-time work force, so that the burden of loan repayment will be heavier. Thus, loans, unlike grants, are not neutral among different types of students.

Campus based financial aid officers often report that students from disadvantaged backgrounds, particularly minorities, are reluctant to borrow. [Frank] Newman reiterates this theme, arguing that, "Disadvantaged students find large loans onerous. Minority students, in particular, are less likely to use loans and therefore less likely to enter or stay in college."

A Consortium on Financing Higher Education (COFHE) survey of families in four cities found that women, low-income students, and students with high degree aspirations showed the most concern about undertaking educational debt. Some data suggest that women borrow less often and in lower amounts than men.

Female enrollments have reached all-time highs (women now are the majority of postsecondary students), but black enrollment has been declining, fueling speculation that rising dependence on student aid in the form of loans discourages blacks from participating in higher education. At the same time, there is some evidence that those minority and women students who do enroll are in fact willing to borrow. An unpublished COFHE survey of students graduating from member schools (COFHE represents 30 prestigious private colleges—admittedly not a representative group) in 1984 found that gender had no relationship to loan indebtedness and that blacks were more likely to report that loans were a major source of funds and a source of funds than were other students.

Women reported more often than men that they expected their parents to help with loan repayments; minorities' expectations of such assistance were noticeably lower.

A study of students enrolled in all sectors of California postsecondary education in 1982-83 had similar results. Virtually identical percentages of men and women applied for guaranteed student loans and blacks applied almost twice as often as whites, undoubtedly reflecting their lower family incomes and greater financial need.

If further analysis should show that minorities and/or women react differently to the possibility of borrowing to pay for college than white men, this would be an understandable response to a continuing fact of economic life in America: that significant wage disparities still exist between these groups and white men. Even when such differences as educational attainment, full-time versus part-time work, years of experience, and occupational choice are controlled for, earnings disparities show up. This is not the place for an exhaustive enumeration of comparative statistics, but the few basic numbers in Table 20 give a rough sense of the differences that also show up in more detailed and sophisticated comparisons.

Table 21 shows the difference such disparities can make to workers repaying student loans. The three examples represent (1) a white male (Harry) whose starting salary is the average for liberal arts baccalaureate holders; (2) an individual (Irene) whose starting salary is 70 per cent of the liberal arts average; and (3) an-

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Table 16: Aid Awarded to Postsecondary Students in Current Dollars (in millions)

	Academic year			
	1970-71	1975-76	1980-81	Estimated 1985-86
Federally supported programs				
Generally available aid				
Pell grants	$ 0	$ 936	$ 2,387	$ 3,652
SEOG	$ 134	$ 201	$ 366	$ 396
SSIG	$ 0	$ 20	$ 76	$ 76
CWS	$ 227	$ 295	$ 658	$ 693
NDSL	$ 240	$ 460	$ 695	$ 751
GSL and PLUS	$ 1,015	$ 1,267	$ 6,201	$ 8,836
(GSL)	($ 1,015)	($ 1,267)	($ 6,187)	($ 8,288)
(PLUS)	(n/a)	(n/a)	($ 14)	($ 548)
Subtotal	$ 1,616	$ 3,179	$10,384	$14,404
Specially directed aid				
Social Security	$ 499	$ 1,093	$ 1,883	$ 0
Veterans	$ 1,121	$ 4,180	$ 1,714	$ 667
Other grants	$ 16	$ 63	$ 119	$ 48
Other loans	$ 42	$ 45	$ 61	$ 248
Subtotal	$ 1,678	$ 5,381	$ 3,777	$ 963
Total federal aid	$ 3,295	$ 8,560	$14,161	$15,367
State grant programs	$ 236	$ 490	$ 801	$ 1,374
Institutionally-awarded aid	$ 965	$ 1,435	$ 2,138	$ 3,426
Total federal, state, and institutional aid	**$ 4,496**	**$10,485**	**$17,101**	**$20,167**

Note: n/a = Not applicable.

Table 17: Aid Awarded to Postsecondary Students in Constant 1986 Dollars (in millions)

	Academic year			
	1970-71	1975-76	1980-81	Estimated 1985-86
Federally supported programs				
Generally available aid				
Pell grants	$ 0	$ 1,897	$ 3,098	$ 3,742
SEOG	$ 378	$ 407	$ 475	$ 406
SSIG	$ 0	$ 40	$ 99	$ 78
CWS	$ 643	$ 598	$ 855	$ 710
NDSL	$ 680	$ 932	$ 902	$ 770
GSL and PLUS	$ 2,872	$ 2,567	$ 8,049	$ 9,054
(GSL)	($ 2,872)	($ 2,567)	($ 8,031)	($ 8,493)
(PLUS)	(n/a)	(n/a)	($ 18)	($ 562)
Subtotal	$ 4,574	$ 6,441	$13,478	$14,760
Specially directed aid				
Social Security	$ 1,412	$ 2,214	$ 2,444	$ 0
Veterans	$ 3,173	$ 8,468	$ 2,225	$ 683
Other grants	$ 45	$ 128	$ 154	$ 49
Other loans	$ 119	$ 91	$ 79	$ 254
Subtotal	$ 4,748	$10,901	$ 4,902	$ 987
Total federal aid	$ 9,322	$17,342	$18,381	$15,747
State grant programs	$ 668	$ 993	$ 1,040	$ 1,408
Institutionally-awarded aid	$ 2,730	$ 2,907	$ 2,775	$ 3,510
Total federal, state and institutional aid	**$12,720**	**$21,241**	**$22,195**	**$20,665**

n/a = Not applicable.

Table 18: College Costs and Family Incomes in Current and Constant Dollars, Selected Years

	Academic year			
	1970-71	1975-76	1980-81	1985-86
Current dollars				
Cost of attendance[1]				
Private university	$ 3,163	$ 4,467	$ 6,566	$11,100
Private 4-year college	$ 2,598	$ 3,385	$ 5,249	$ 8,480
Public university	$ 1,478	$ 1,935	$ 2,711	$ 4,160
Public 4-year college	$ 1,209	$ 1,657	$ 2,420	$ 3,750
Public 2-year college	$ 1,017	$ 1,386	$ 2,020	$ 3,000
Income[2]				
Disposable personal income per capita	$ 3,489	$ 5,291	$ 8,422	$11,817
Median family income	$ 9,867	$13,719	$21,023	$27,735
Constant 1986 dollars				
Cost of attendance[1]				
Private university	$ 8,949	$ 9,050	$ 8,523	$11,374
Private 4-year college	$ 7,351	$ 6,858	$ 6,813	$ 8,689
Public university	$ 4,182	$ 3,920	$ 3,519	$ 4,263
Public 4-year college	$ 3,421	$ 3,357	$ 3,141	$ 3,843
Public 2-year college	$ 2,877	$ 2,808	$ 2,622	$ 3,074
Income[2]				
Disposable personal income per capita	$10,101	$11,051	$11,490	$12,349
Median family income	$28,566	$28,655	$28,681	$28,983

[1] Cost of attendance includes tuition, fees, room, and board.
[2] Income data are for the calendar year in which the academic year begins.

Table 19: Grants, Loans, and Work as a Percentage of Total Aid

	Academic year			
	1970-71	1975-76	1980-81	Estimated 1985-86
Grants	66.1%	80.3%	55.5%	47.8%
Loans	28.9%	16.9%	40.7%	48.8%
Work	5.0%	2.8%	3.9%	3.4%
Total aid	100.0%	100.0%	100.0%	100.0%

Table 20: Median Incomes of Full-Time, Year-Round Workers by Educational Attainment, 1984

	1-3 years of college	4 years of college
Males, all races, age 25-34	$22,260	$25,754
Females, all races, age 25-34	$16,152	$19,068
White males, age 25 and over	$26,302	$32,022
Black males, age 25 and over	$21,105	$25,110
White females, age 25 and over	$17,114	$20,291
Black females, age 25 and over	$15,795	$20,626

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other individual (Jesse) whose starting salary is 85 per cent of the liberal arts average. The figures of 70 and 85 per cent were chosen for illustration because they reflect the disparities frequently found in the statistics when comparing earnings of women and minorities who work full time to male counterparts of similar educational and occupational experience. The cases of Irene and Jesse illustrate how much more of their incomes workers with less-than-average income prospects will have to devote to loan repayment rather than to other spending over the 10 years after they leave school.

Loans, then, unlike grants, are not neutral in their effects on different groups of students. Also unlike grants, the G.S.L. program depends on interest rate subsidies to encourage banks and other private lenders to participate and operates as an "entitlement" for eligible students. As a result of liberalized eligibility rules in the 1970's and rising interest rates in the general economy, G.S.L. became an increasingly expensive but unpredictable commitment for the federal government. Changes in 1981 and 1986 imposed new eligibility restrictions and reduced somewhat the government subsidies involved in G.S.L., but the program's basic structure still results in costs that are highly sensitive to outside economic forces.

[Arthur M.] Hauptman and [Michael S.] McPherson describe how this structure evolved and argue that G.S.L.'s high and volatile costs make the program vulnerable in an era when federal expenditures must be reduced to bring budget deficits under control. Another spurt of inflation such as occurred in the early 1980's would drive federal obligations up dramatically: by roughly half a billion dollars annually for each 1-per-cent increase in the Treasury bill rate to which G.S.L. subsidies are tied. One has to wonder just how long the federal government will or should tolerate this kind of financial uncertainty without seeking cost-cutting changes in the program. Such changes could have serious implications for educational access, given the critical role G.S.L. now plays in educational finance for those whose resources are otherwise inadequate to pay for college.

The Higher Education Act reauthorization in 1986 restricted eligibility for G.S.L.'s to students who can demonstrate financial need, a reasonable step in light of the subsidies now involved. But it is a step fraught with irony as well, given the view twenty years ago that the federal government should provide a balanced array of grants, loans, and work opportunities for the disadvantaged and minimally-subsidized loans of convenience for the middle class. The evolution of G.S.L. into the dominant student aid program, combined with increasing levels of subsidy, have gradually and in a largely unexamined way transformed the federal strategy for using financial assistance to foster equality of opportunity in higher education. This effort is now highly dependent on loans, with uncertain implications for those disadvantaged students who were the original focus of federal concern.

How can we summarize the relationship between student loans and educational opportunity?

► Heavy emphasis on borrowing may discourage traditionally-underenrolled groups from participating in higher education and hinder the nation's progress toward equal opportunity, though here, as in so many other areas of student aid, the evidence is mixed.

► Women, minority, and low-income students have traditionally been seen as reluctant to borrow. Though female enrollments have increased steadily, black enrollment is dropping. There is much speculation, but little hard data yet to prove, that the shift in student aid policy from heavy reliance on grants to a roughly 50/50 balance between grants and loans, coupled with real declines in student aid available from federal sources, has contributed to this decline.

► Individuals from traditionally-disadvantaged groups who actually enroll in college (as opposed to those who may be discouraged from doing so) may be as willing to borrow as other students, and in fact may be more dependent on loans because they have fewer other resources.

► Because of continuing disparities in income between white males, on the one hand, and women and minorities on the other, even after adjusting for differences in education and work experience, the latter will find loans more burdensome to repay. In this sense, loans, unlike grants, are not neutral in their effects on different groups.

► As G.S.L. has evolved over 20 years, it has changed from a minimally-subsidized loan of convenience for middle-income families to a highly-subsidized loan for students who can demonstrate financial need. It has also become the dominant student aid program. Thus the federal strategy for fostering equality of opportunity in higher education, which initially focused on a balanced array of grants, loans, and work opportunities for the disadvantaged, has been transformed, with uncertain and largely unexamined implications for the groups who were the original focus of federal concern.

VI. Student Loans and Education

Before any final conclusions can be reached about the effects of the nation's growing reliance on student loans, yet another issue needs to be addressed: whether loans have implications for the educational process itself. Two kinds of effects seem to be of concern here, tangible ones like whether borrowing affects the choice of major or graduate school plans, and intangible ones relating to educational "values." The tangible effects are easily understood. Marchese gives a good summary of the concerns about values:

"What educational values are prompted by loans? Instrumental values, I believe, values inimical to liberal education, and personalist values, likewise inimical.

"Instrumental values are fostered by loans because loans force a responsible student to think ahead to the necessity for repayment: the incentive of loans is to position yourself through your coursework, major, and degree for a higher-paying job that more readily permits repayment of the loan. In effect, college becomes less and less something done for its own sake and more and more something done for what comes afterwards. Now that is not entirely an unhealthy impulse; but the greater the instrumental purpose the less likely will the student be to 'dally' with the contemplations of liberal and civic learning or 'sacrifice' to develop general intellectual capacity.

"I say 'personalist' because the message to students of loans (as opposed to scholarships, grants, work, and parental contribution, each of which I think carries a more positive set of values with it) is that, 'you go forward on your own nickel.' The response too often evoked becomes, 'I am going to get what is coming to me.' This is what Frank Newman meant in his report last September when he charged that 'excessive loans inadvertently undercut traditional values.' "

Like many other loan issues, this one is complicated. Even more so than on some, the jury is still out. The best this paper can do is to give a sense of the debate and of the evidence on both sides.

First of all, it is worth pointing out that the debate over whether different ways of paying for college affect the educational experience itself is not new. Concern seems to focus on whatever financing mechanism is currently in the spotlight. In 1952 [Richard G.] Axt noted that the boast, " 'I worked my way through college' has been a part of the traditional success story of the self-made man," a tradition boosted by the tough Depression years. Axt also reported, however, that many educators had reservations about the effects of work—especially if it required more than 15 hours per week—on a student's academic and personal life. During the 1950's when Congress was considering proposals to enact the first federal scholarships, critics worried that outright gift aid would negatively affect students' commitment to their studies, in contrast to requirements that they help themselves. Today, with lending at an all-time high, we worry about loans.

Conducting research on the effects of different kinds of financial aid is not easy. As Newman observes, such research is hindered by "the widespread use of aid packages, which introduces the problem of multi-collinearity into statistical analysis." One summary of the "limited" research on financial aid and educational outcomes tentatively concludes that "grants and scholarships have small positive effects on retention and loans generally have negative impacts." A study of new students at a large commuter university by [Richard A.] Voorhees however, found "no support . . . for the claim that loans are detrimental to the persistence of high need freshmen." In addition to such contradictory results, few studies have as yet been done that would capture the effects of the high borrowing of recent years.

One that does is the COFHE survey of the class of 1984 at member schools. While students at these schools (30 of the most expensive and selective undergraduate institutions in the country) are not representative of postsecondary students as a whole in their academic accomplishments, career and income prospects, and so on, they also borrow more frequently and more heavily than most students, as Table 5 in section II showed. Nevertheless, the survey found no evidence of any relationship between undergraduate indebtedness and post-graduation plans, such as attending graduate school or going directly to work. Both this study and a 1984 Carnegie survey show that student borrowing varies by field of study, but neither report shows a formal link between indebtedness and choice of major.

If it is hard to disentangle the tangible effects of different kinds of student aid, it is almost impossible to do so in the area of effects on values. To give but one example: are today's students more preoccupied with economic issues than students of an earlier era because they have to borrow more heavily, or because they are aware that the national economy has been relatively stagnant for over a decade, with some parts of the country suffering from depression-like conditions? Given all the public concern over the state of the economy in recent years, what would be surprising would be to find no tendency for students to be more concerned about their financial futures.

Furthermore, it isn't true that students who receive loans are being told to "go forward on your own nickel." If anything, the message is "you put in two and a half cents and the government will match it;" the subsidy on G.S.L.'s has been 40 to 50 cents for each dollar lent. While students may not be completely aware of the "gift" aspect of loan subsidies, they cannot help but know that some kind of government subvention has been allowing them to borrow at 7 or 8 or 9 per cent during years when general interest rates have been much higher.

Finally, some students apparently prefer loans to work as a form of aid. [James C.] Hearn and [Sharon L.] Wilford quote Robert Fenske's finding that "aid officers report that certain students for whom grants are not available tend to prefer loans to work-study awards because they believe low-paying jobs interfere with obtaining good grades and completing their programs in timely fashion."

In sum, then,

► Concern is mounting that rising debt levels may affect students' choice of major and graduate school plans and the values they bring to and take from their college educations.

► Much more evidence is needed to draw firm conclusions in this area, including efforts to disentangle the effects of loans from other changes in society at large.

VII. The Risks of Borrowing: An International Comparison

Section IV concluded by noting the uncertainties about future loan burdens that students fact when they borrow because of the unpredictability of both income after graduation and the state of the economy. For the borrower, loans are an investment that carries with it some risk. [Gareth] Williams has articulated this point more fully.

"Higher education as an investment has several characteristics that distinguish it from most other forms of investment: the investment takes a long time to complete, the returns are long-term, and, for any individual, they are very uncertain. So individual investors cannot afford to make mistakes; but at the same time they are not well informed about the implications of different decisions, and most of them are not in a position to make this investment decision more than once. Most successful loan schemes skirt these difficulties by having some form of income-contingent repayment arrangement: the amount a graduate repays in any year depends on his current income. Thus students need not be deterred from borrowing to finance their studies by the fear that their personal investment will be one of the unsuccessful ones. Put another way, an element of insurance is built into the loan schemes."

While Williams overstates the prevalence of such insurance—the United States and Canada both have successful student loan programs with no formal protections except for death and disability—[D. Bruce] Johnstone provides examples of two countries that do protect students against some of the risks of borrowing: Sweden and West Germany.

In Sweden, as in most of Europe, postsecondary students are not charged tuition or fees but do have to pay living expenses while enrolled in school. Parents are not formally expected to contribute to their children's education, though many do; students are eligible based on their own resources for "Study Means" from the government. Study Means consists mostly of a highly-subsidized loan and a small direct grant. In 1983-84, a little over half of Swedish undergraduates took advantage of the loan portion of Study Means.

Swedish students do not begin repaying their loans until two and a half years after graduation, in contrast to six months in the United States.

In addition to the fact that they are better established in careers when they begin repayment, Swedes also have until their 51st birthdays to repay, in contrast to our 10 years.

The exact period of repayment thus varies with the age of the borrower when he or she enters repayment.

At this point, interest at the rate of 4.2 per cent, which has been accruing during the in-school and post-graduation "grace period" is added to the loan principal to determine the total to be repaid.

This total is divided by the number of years remaining until age 51 to determine the first year's repayment. Each year thereafter, the repayment amount is increased by 4.2 per cent, thus giving Swedish borrowers a graduated repayment plan rather

Table 21: Comparison of Loan Burden Under Various Economic Assumptions

Assumptions	Borrower: Harry	Irene	Jesse
Total GSL borrowed	$10,000	$10,000	$10,000
Starting salary	$18,800	$13,160	$15,980
Expected annual real income growth	3%	3%	3%
Expected annual increase in CPI	4%	4%	4%
Year of repayment	**GSL repayments as percentage of pre-tax income**		
1	7.7%	11.1%	9.1%
2	7.2%	10.3%	8.5%
3	6.7%	9.6%	7.9%
4	6.3%	9.0%	7.4%
5	5.9%	8.4%	6.9%
6	5.5%	7.8%	6.5%
7	5.1%	7.3%	6.0%
8	4.8%	6.8%	5.6%
9	4.5%	6.4%	5.3%
10	4.2%	6.0%	4.9%

than the level repayments characteristic of U.S. student loans.

In addition to a longer repayment period and graduated payments, a Swedish borrower gets an explicit guarantee against the risk of being overburdened by low income. Debt payments are deferred if the borrower falls below a specified level of financial resources, which include among other things 40 per cent of a spouse's earnings above a certain point. This 40 per cent increases as the spouse's earnings increase. The level of financial resources that triggers the right to defer payment is variable, being higher if the borrower has children under the age of ten. If as a result of deferrals, the borrower still owes money on a student loan at age 65, the debt is forgiven.

West Germany also has a highly-subsidized loan program called the BAföG to help students pay living expenses. This all-loan program was converted from a largely-grant program in 1984. Probably to make the switch palatable, repayments do not begin until five years after graduation and there is no interest charged at any point. About 30 per cent of German students qualify on the basis of their or their parents' income for this assistance.

Under BAföG a borrower has 20 years to repay and makes equal monthly payments. If his or her income (not considering the income of a spouse) falls below a specified level, payments are deferred. Any remaining debt is canceled after 20 years.

It is worth noting that BAföG in its current form is new and that no students have yet entered repayment. Therefore the German example is not helpful in terms of experience with how its various loan provisions will work out in practice.

Sweden and West Germany do illustrate how various loan features to reduce the risks of unmanageable debt can be designed. These two countries have chosen to subsidize their loan programs more heavily than the United States, but features like graduated repayment, long repayment periods, longer grace periods, and protection against low incomes in theory could be built into less-subsidized programs as well.

In fact, the first two did exist in this country for a short period in the early 1980's under a provision allowing students to consolidate high or multiple loans through the Student Loan Marketing Association.

That loan consolidation authority lapsed in 1983 but was restored in modified form (and with a variety of financial institutions and state agencies authorized to participate) when the Higher Education Act was reauthorized in October 1986.

That act also authorized a small income-contingent loan demonstration project within the N.D.S.L. program to assess the feasibility of a program in which students repay on a variable schedule geared to their adjusted gross incomes.

The issue of whether students could and should be better protected against the risks of borrowing deserves attention.

Loan consolidation may take care of many of our concerns about high indebtedness levels, but will not protect students who borrow at lower levels from the risk that low incomes may force them to commit comparatively high proportions of their resources to loan repayment.

It would be easier to assure groups that are often considered reluctant to borrow, such as minorities and women, that their fears were unfounded if loan programs in fact had protections built into them, which they now do not.

To address head-on the question of cost that would immediately arise should income protection be added to G.S.L., perhaps we should consider whether the current G.S.L. structure of below-market interest rates, subsidies, and fees is optimal. Instead of subsidizing all borrowers based on their or their parents' income at the time the loan is made, may be we should allow all students to borrow at market rates and then use subsidies to offer protection against repayments that are out of proportion to income. As this proposal demonstrates, there are innovative ideas that could be explored, short of starting whole new programs such as the National Student Loan Bank income-contingent loan plan and its variants that have surfaced at various times over the past two decades to insure that student loans will not become the huge burdens so often talked about today.

Furthermore, we need to know more about what kinds of protections student borrowers really want. [Rena] Cheskis-Gold's 1984 survey of alumni of Yale University's Tuition Postponement Option program of the 1970's, one of the few true income-contingent long-term loan programs ever implemented in this country, offers some suggestive findings. While students like low repayments in the early years of work and the income contingency and graduated repayment features of T.P.O., they disliked very long repayment periods (in T.P.O., up to 35 years). Cheskis-Gold's work indicates that the optimal loan program might have moderate payments over a somewhat longer period than currently allowed under G.S.L. and N.D.S.L., rather than small payments over a lifetime, and would offer some protection when incomes are low relative to debt payments.

To summarize, then, how does the United States stack up in protecting students against the risks of investing in themselves through loans?

► Unlike some European countries, the United States does not build into its loan programs insurance protecting a student borrower from the danger that his investment in himself through education will not result in a level of income sufficient to permit comfortable repayment of the loan.

► Loan consolidation, a feature of U.S. loans which was initiated in the early 1980's but allowed to lapse, was resurrected in the 1986 Higher Education Act reauthorization. It will allow borrowers with large or multiple student loans to pay them over an extended period of time and may offer graduated repayment, but is not a protection for all borrowers against the risk that loan repayment will require an unduly high proportion of income.

► The issue of whether students could and should be better protected against the risks of borrowing deserves attention: innovative ideas exist and need to be investigated, and better information is required about what kinds of protection borrowers and potential borrowers would like to have.

VIII. Conclusions

In December 1985 the College Scholarship Service of the College Board assembled approximately 50 loan experts (representing educators, students, bankers, and state loan-guarantee agencies) to discuss the problem of student debt burdens and its implications for loan counseling and debt management. Somewhat to the organizers' surprise, however, there was no consensus among those in attendance about what the "problem" was, or even if there *was* a problem. Perhaps this should have been expected, given the paucity of data about student loans and the diversity of American higher education, which makes it hard to give any answer except "it depends" to questions of how much students should borrow.

This paper both reflects those difficulties and gives an illustration of the gaps in knowledge and the conflicting findings that make consensus hard to reach. Better research, even if we had it, might not tell us what we need to know when we need to know it. Sometimes analysis is a conservative force, since it may be hard to document a problem until the problem becomes so serious that it is overwhelming.

Therefore, while we simply must find ways of obtaining better information than we currently have about our large and growing reliance on student loans to finance higher education, we must also pay attention to the perceptions and impressions of those who are making loans and counseling students and repayers and to the feelings of those who have borrowed. We must take these things seriously, but we must find ways to determine their validity.

Making good policy choices about the future of student loans in financing higher education depends on separating valid from invalid concerns about high borrowing levels. Despite the concerns, many people view student loans not as a problem but as a positive force (along with other student aid programs) in broadening access to college and in spurring the nation's economic and civic growth.

In consumer surveys going back as far as the late 1950's, respondents have listed "financing educational expenses" as either the second or (in the 1983 survey by a narrow margin) third most appropriate reason for borrowing.

Educational borrowing along with borrowing to cover the costs of illness and to purchase a car are the only reasons for borrowing that are approved by a majority of consumers, about 80 per cent of whom support these kinds of loans.

Structuring effective and efficient student loan programs requires attention to many issues in addition to the burden of indebtedness, though we must not neglect the latter. We also need to consider the implications of our growing reliance on loans as the central feature of federal efforts to promote educational opportunity and the appropriateness of loans for different kinds of students in different kinds of institutions. We should also look at whether the evolution of G.S.L. from a minimally-subsidized loan of convenience to a highly-subsidized loan for the financially needy is a backward step to the extent that it limits access to loans for students whose primary need is not subsidies but a means through which to invest in their own futures.

All of these Bonds having been sold, this announcement appears as a matter of record only.

In the opinion of Orrick, Herrington & Sutcliffe, Bond Counsel, based on existing statutes, regulations, rulings and court decisions, and assuming compliance with certain covenants described in the Official Statement, interest on the Series 1986 Bonds is excluded from gross income for federal tax purposes and is exempt from California personal income taxes. In the opinion of Bond Counsel, interest on the Series 1986 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although it is included in book income and current earnings in calculating corporate alternative minimum taxable income. See "Tax Exemption" in the Official Statement.

NEW ISSUE

$22,895,000

California Educational Facilities Authority

Revenue Bonds (Santa Clara University), Series 1986

Dated: December 1, 1986 Due: February 1, as shown below

The Series 1986 Bonds are issuable in fully registered form in denominations of $5,000 and integral multiples thereof. Interest on the Series 1986 Bonds is payable semiannually on each February 1 and August 1 commencing August 1, 1987 by check or draft mailed to the registered owners thereof. Principal of the Series 1986 Bonds is payable at the principal corporate trust office of Security Pacific National Bank in Los Angeles, California. The Series 1986 Bonds are subject to redemption as described in the Official Statement.

The Series 1986 Bonds are being issued by the Authority which will use the proceeds to make an unsecured loan to Santa Clara University. The University will use the funds to refinance certain costs of educational facilities, as more fully described in the Official Statement.

The Series 1986 Bonds are payable from the Revenues and other funds pledged under the indenture including payments required to be made under the Loan Agreement. The loan is a direct unsecured obligation of

Santa Clara University

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE SERIES 1986 BONDS.

PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND PRICES

$5,935,000 Serial Series 1986 Bonds

Principal Amount	Maturity	Interest Rate	Principal Amount	Maturity	Interest Rate
$105,000	1988	4.25%	$735,000	1993	5.40%
620,000	1989	4.50	775,000	1994	5.60
645,000	1990	4.75	820,000	1995	5.80
670,000	1991	5.00	865,000	1996	6.00
700,000	1992	5.20			

The offering of these Bonds is made only by the Official Statement, copies of which may be obtained from the Underwriter only in States in which the Underwriter may lawfully offer the Bonds.

The Series 1986 Bonds are offered by the Underwriter when, and as if issued by the Authority and accepted by the Underwriter subject to the approval of legality by Orrick, Herrington & Sutcliffe, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by Bond Counsel, for the Authority by the Attorney General of the State of California and for the University by Latham & Watkins.

Price of all Serial Bonds: 100%

$16,960,000 6.75% @ 99.25 Term Series 1986 Bonds, due February 1, 2008

(accrued interest to be added)

L. F. ROTHSCHILD, UNTERBERG, TOWBIN, INC.

December 5, 1986

Give & Take

The headline on the newspaper advertisement was direct: "How to make your presence felt in the community."

One way to do that, readers of the message that followed learned, was to establish a charitable fund to be administered by a community foundation.

A toll-free telephone number was provided for readers interested in learning more, and 400 were—even though the ad ran only three times in both the New York *Times Book Review* and the Los Angeles *Times*.

The advertisement was the first salvo in a planned three-year campaign by the Council on Foundations, a national association of grant makers, to encourage wealthy people to consider foundations as a way to formalize their charitable giving and make it more systematic.

•

Major donors, whether they use a foundation or their personal checkbook to distribute their charitable gifts, have increased in recent years, according to one informal survey.

In the December issue of *Town & Country* magazine, which chronicles the life style and social activities of the wealthy, a listing of the most generous living Americans included 186 names, up from 113 when the publication first compiled an "honor roll" of donors in 1983. The "most generous" designation is accorded to those who have contributed at least $5-million to charity in their lifetime.

•

Paul Mellon, the magazine concluded, is *the* most generous living American—the only benefactor it identified who has been personally responsible for more than $300-million in charitable gifts.

Mr. Mellon is the principal living heir to one of the largest family fortunes in the United States. Among his major gifts to higher education was an $18-million center for British art at Yale University, from which he was graduated in 1929. He also gave the center a collection of art works and rare books said to be worth $150-million.

"As a philanthropist," noted *Town & Country*, "he's in a class by himself."

There were many others in Mr. Mellon's class when he was a student at the Choate School, now known as Choate Rosemary Hall, and it seems he made quite an impression on them. A spokesman for the school said that its 1925 yearbook indicated that Mr. Mellon's classmates had named him "most generous." They also voted him "most absent-minded."

Apparently he has had little difficulty remembering his alma maters. Mr. Mellon's most recent major gift to charity, made last month, was a $10-million contribution for a new science center at Choate Rosemary Hall. It will replace a building he financed in 1938 and will be located next to an arts complex he donated in 1972.

Philanthropy

Gardner on Leadership: Probing How to Deal with a World of 'Multiple, Colliding Systems'

In a project for Independent Sector, he is tackling the subject of leaders head-on for the first time

By PAUL DESRUISSEAUX

WASHINGTON

If it seems as if leadership is in short supply these days, John W. Gardner has some ideas why.

We are not doing enough to encourage the development of young leaders, he says, and we are not taking very good care of the leaders we have.

"I think we should all pay more attention to the kind of pressure we put on our leaders," he says. "I think we're burning them out faster than we need to."

As the director of a foundation-sponsored study of leadership, Mr. Gardner is spending a lot of time thinking about that subject and trying to illuminate aspects of it "that may be of use to us in facing our present dilemmas as a society and a species."

Drawing on Experience

Mr. Gardner has personal knowledge and experience to draw on. He has been president of the Carnegie Corporation of New York and of the Carnegie Foundation for the Advancement of Teaching; Secretary of Health, Education, and Welfare; and chairman of the National Urban Coalition. Founder of Common Cause, the citizens' lobbying group, he also was a cofounder of Independent Sector, a nonprofit coalition of organizations that promotes charitable giving and volunteering, and for which he is conducting his current study.

Some observers of Mr. Gardner's career would say that he wrote the book on leadership.

Getting a book on leadership written, however, is something that Mr. Gardner is

Continued on Following Page

PHOTOGRAPH FOR THE CHRONICLE BY BRUCE KATZ

John Gardner: "Leaders today have no choice but to attempt to exercise leadership across boundaries."

Endowments Up 27 Pct. in Fiscal '86 for Second Straight Year of Big Growth

WASHINGTON

The value of college and university endowments went up 27.1 per cent in fiscal 1986, the second consecutive year of such marked growth, according to the preliminary findings of a national study.

Last year's increase followed a 25.4-percent rise in the value of the average endowment in fiscal 1985, the best back-to-back performances in a decade.

The figures represent the "total-return rates" for endowments and reflect changes in the market value of investments as well as interest and dividends.

Average Increase Beat Inflation

The findings are from a preliminary report of the annual study of endowment performance conducted by the National Association of College and University Business Officers.

For the average endowment, last year's increase outpaced inflation, which the Consumer Price Index set at 1.8 per cent and the Higher Education Price Index fixed at 4.4 per cent.

The 1986 increase was the second-highest one-year return on endowment since NACUBO began publishing the results of its endowment-performance studies in 1974. In fiscal 1983 the average endowment increased 41.3 per cent in value. The following year the value dropped 2.8 per cent.

The increase in the value of endowments for the three-year period ending last June was 16 per cent. The five-year increase was 16.5 per cent, and the increase over 10 years was 12.5 per cent.

In its preliminary report, NACUBO said the strong performance of endowments in 1986 had been expected, largely because of the rise in stock prices during the year.

Larger endowments, which the study classified as those worth $100-million or more, showed the greatest gains, primarily because they typically had a higher proportion of equity-related investments—including foreign securities and venture capital as well as common stocks.

"The higher the emphasis on equities during this period of sharply higher stock prices, the better the performance," the NACUBO report stated.

Combined Assets: $19.8-Billion

The preliminary report is based on information provided by 134 colleges and universities on 153 endowment pools. The combined assets of the endowments in the study was $19.8-billion, and the median-sized pool had assets of $41.8-million.

Investment pools of $100-million or more, which the study said were the most equity oriented, and those with 65 per cent or more in equity holdings had the highest returns—30 per cent or better. Those under $25-million, and those with less than 50 per cent of their holdings in equities,

Continued on Page 31, Column 1

Endowments Rise Sharply for Second Year in Row

Continued from Page 29

had the largest cash investments and the lowest average rate of return compared to other groupings—24.6 per cent or less. Investment pools worth between $25- and $100-million had a 26.1-per-cent return.

The average investment pool in the study had 55 per cent in equities, 31.1 per cent in bonds, 11.1 per cent in cash, 1.6 per cent in real estate, and the remaining 1.2 per cent in miscellaneous assets.

New Ways to Maximize Return

Bruce M. Dresner, director of investments at Dartmouth College and the performance analyst for the NACUBO study, said that in recent years there had been "a conscious effort by colleges and universities to find new ways to maximize the return on their investments, given the level of risk they are willing to undertake."

Mr. Dresner said more and more institutions had been looking at nontraditional areas of investment—foreign securities, for example. "A number of institutions with investments in foreign securities were able to score a double play in 1986," he explained. "The foreign security markets did well at the same time that the dollar dropped in value. About half of the total return achievable on foreign securities was due to the currency play."

He said "a fair number" of endowments included in the study had investments in foreign securities, and some had a relatively high percentage of their holdings in them. "Last year they would have been rewarded handsomely for such investments," he said.

Mr. Dresner said the purpose of the preliminary report was "to provide a 'quick check' for institutions, so that they can see how well they are doing relative to their peers, and to the median rate of return."

Although the complete report of the study will not be available until April, in past years the final figures have varied little from the preliminary findings.

The final report for 1986 is expected to include information on more than 250 endowments, more than in any previous year.

25 Pct. Are Public

"We believe we have the preponderance of all endowments now participating in the study," said Mr. Dresner. Any four-year institution with an endowment of $1-million or more may participate in the study. In 1985 about 25 per cent of the institutions in the study were public.

The final report will rank institutions in the study by endowment size and will include data on investment performance and endowment characteristics.

The study of endowments is a project of the NACUBO Financial Management Committee's subcommittee on investments.

—P. D.

Total Return on Endowments, Fiscal 1986*

	Periods ending June 30, 1986			
	1 year	3 years	5 years	10 years
All investment pools	+27.1%	+16.0%	+16.5%	+12.5%
By size				
$100-million or more	+30.1	+16.7	+17.9	+14.2
$25-million to $100-million	+26.1	+16.0	+16.5	+12.4
Under $25-million	+24.6	+15.2	+15.8	+11.4
By equity-related assets				
65% or more in equity	+31.8	+15.1	+16.6	+13.6
50% to 65% in equity	+28.4	+16.6	+16.9	+13.2
Under 50% in equity	+23.3	+15.1	+16.1	+11.3
Comparative measures				
Standard & Poor's 500 Index	+35.5	+19.1	+19.2	+14.5
Shearson-Lehman Bond Index	+20.4	+16.6	+19.7	+10.3
Consumer Price Index	+ 1.8	+ 3.2	+ 3.9	+ 6.8
Higher Education Price Index†	+ 4.4	+ 5.5	+ 6.6	+ 7.4

* Total-return rates represent change in market value, plus dividends and interest, for periods ending June 30, 1986, based on preliminary data for 153 investment pools of 134 colleges and universities.

† An index of changes in prices paid by colleges and universities for goods and services, developed by D. Kent Halstead, National Institute for Education.

SOURCE: NATIONAL ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS

Duke U. Promised $20-Million Gift

DURHAM, N. C.

Duke University has received a pledge of $20-million, the largest single donation to the institution since James B. Duke's original gift to establish it in 1924. The money will be used to create a research institute on the future of humanity and to support 20 new professorships.

The gift was made by Disque D. Deane, chairman and chief executive officer of Corporate Property Investors and a partner in Lazard Freres and Company, an international investment business.

Mr. Deane is a trustee of Duke, and his son and daughter are both graduates of the university.

Duke officials said the gift would endow 20 professorships and provide for the establishment of an institute for studies focusing on man's capacity to adapt to the impact of social, cultural, and technological advances.

A Challenge Pledge

The gift is a challenge pledge. For every $1-million contributed to the university's current capital campaign for the new professorships, Mr. Deane will donate stock and other securities worth at least $1-million.

Duke's president, H. Keith H. Brodie, said Mr. Deane's pledge was the largest made thus far in the $200-million campaign for the arts and sciences.

The new professorships will be named for the Deane family, and all appointments to them will be made from outside the current ranks of the university's faculty.

"They will be sought at the world's leading universities and research institutions," said Mr. Brodie. The Deane Family Professors will be drawn from a wide range of fields in the sciences and the humanities, he added.

The professors will be affiliated with the new research center, which is to be called the Deane Institute.

How one president solved an enrollment problem

By The Response Marketing Group

The freshman class was smaller than expected. A lot didn't show up. Why? Everyone had a theory. But those with the theories wouldn't be held responsible. The President would. Everyone knows the demographics. But did it have to be inevitable?

"How do we boost enrollment? How do we tell our story? Electronic media would help, but at what price to cover six states?" he thought.

"Direct mail is the only way—it's the fastest growing segment of the marketing industry," he concluded. "Ours looks good—we do it ourselves—but how effective has it been? Apparently not good enough.

He began watching his mailbox, searching for a clue.

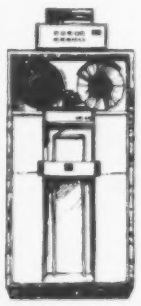
"Would the same direct marketing ideas that the Smithsonian Institution, Dow Jones, Democrats, Republicans use work for attracting students? And who does these?

That's how he found us, The Response Marketing Group of Moore's Response Graphics, a $2 billion a year corporation.

Student recruitment was new for us, but our direct response marketing ideas and methods are proven, so we went to work and so did the president.

1 First, we did our research. Who are the current students? Where did they come from? What are their psychographics? (Those with the theories told us the demographics). Meanwhile, he took personal interest in the figures, checking them on a weekly basis. He mobilized the human resources of the institution into task forces.

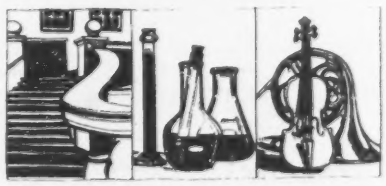
2 Second, we worked on the mailing list—pulling names together from several sources, merging the lists while eliminating the duplicate names. We coded the return cards and applications to find out which lists worked best. We also found out what features of the institution drew the best responses when highlighted.



3 Third, we designed a direct mail piece that was response oriented. It used direct response techniques, designed to get the recipient to take action now and not get lost in the glut of college mail. We tested the new piece against the existing recruitment mailing piece. Direct mail professionals do more testing than college faculty. Every assignment contains a test—copy, pictures, headlines, offers. We go with the winners and dispose of the losers—kind of like college when you think about it.

4 Fourth, we tracked all the responses and followed up with the best prospects who did not respond on the first try—all personalized and on a predetermined schedule. Nothing was left for chance.

Finally, we evaluated our results using a geodemographic analysis of the students who enrolled, comparing them to the population at large as well as the current student body. This year we modified our plan to better target those most likely to "buy our product".



Sounds simple and it worked. Oh yes, there was a dramatic increase in enrollment. We're not taking all the credit. We turned up more likely students, but our president mobilized his forces internally to handle important college nights, campus visits, application processing, not to mention inspiring the faculty to produce the best product possible in order to get our prospects to enroll. But for his mailing, he did as business has learned to do: hired a professional who knows how to increase results.

By the way, those with the theories, say it couldn't have happened without them. They are possibly right. But to those who matter, they know it was the President's leadership that made the difference. He figured out what to do.

To find out how you might integrate a professional direct response marketing program into your admissions effort, contact The Response Marketing Group, 7 N. Brentwood, Clayton, Missouri 63105 or call 314-721-4520.

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Send me more information about how Moore, Response Marketing can improve our admissions effort.

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